

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES

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E.O. 11652: N/A

TAGS: APUB, AR

SUBJ: PRESS RELEASE ON EXIMBANK CREDIT TO GAS DEL ESTADO

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF DOLS 7.2 MILLION TO GAS DEL ESTADO OF BUENOS AIRES. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, TUESDAY, MAY 13, 1975.

QUOTE: EXPORT-IMPORT BANK CREDIT OF DOLS 7.2 MILLION SUPPORTS
DOLS 18 MILLION SALE OF U.S. EQUIPMENT FOR GAS PLANT
IN ARGENTINA

TO SUPPORT A DOLS 18 MILLION SALE OF U.S. EQUIPMENT, MATERIALS
AND SERVICES REQUIRED FOR A GAS REDUCTION PLANT IN ARGENTINA,
THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED
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STATES HAS AUTHORIZED A DIRECT CREDIT OF DOLS 7.2 MILLION TO

FINANCE 40 PERCENT OF THE TOTAL U.S. COSTS, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. A CREDIT OF DOLS 8.1 MILLION FROM PRIVATE SOURCES NOT YET DESIGNATED WILL FINANCE 45 PERCENT OF THE U.S. COSTS, OF WHICH DOLS 5.4 MILLION WILL BE COVERED BY EXIMBANK'S FINANCIAL GUARANTEE.

THE OBLIGOR, GAS DEL ESTADO OF BUENOS AIRES, WILL MAKE CASH PAYMENT OF THE BALANCE OF THE U.S. COSTS OF DOLS 2.7 MILLION OR 15 PERCENT. GAS DAL ESTADO, THE GOVERNMENT-OWNED COMPANY RESPONSIBLE FOR THE SUPPLY OF NATURAL AND LIQUEFIED GAS SERVICES THROUGHOUT ARGENTINA, PLANS TO BUILD A PLANT AT BAHIA BLANCA, PROVINCE OF BUENOS AIRES, FOR THE EXTRACTION OF ETHANE, PROPANE, AND BUTANE FROM NATURAL GAS.

U.S. PURCHASES ARE EXPECTED TO INCLUDE TURBINES, COMPRESSORS AND ANCILLARY EQUIPMENT TO BE SUPPLIED BY GENERAL ELECTRIC COMPANY OF SCHENECTADY, NEW YORK; ELLIOT COMPANY, DIVISION OF CARRIER CORP. OF JEANNETTE, PENNSYLVANIA AND ROTOFLOW SALES CORP.

THE LOANS ARE TO BE REPAYED IN 16 SEMIANNUAL INSTALLMENTS BEGINNING JULY 5, 1978. EXIMBANK'S DIRECT CREDIT OF DOLS 7.2 MILLION WILL BE REPAYED OUT OF A PORTION OF THE NINTH INSTALLMENT AND ALL OF INSTALLMENTS 10 THROUGH 16, WITH INTEREST AT THE RATE OF 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES OF ABOUT 8.7 PERCENT TO 8.42 PERCENT PER ANNUM. REPAYMENT OF THAT PORTION OF THE COMMERCIAL LOAN GUARANTEED BY EXIMBANK AND EXIMBANK'S DIRECT CREDIT IS TO BE GUARANTEED BY BANCO NACIONAL DE DESARROLLO. KISSINGER

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